MESSAGE

OF

NDREW JOHNSON,

GOVERNOR OF TENNESSEE,

TO

OTH HOUSES OF THE GENERAL ASSEMBLY,

OCTOBER 6, 1857.

OBER 6, 1857.—Read in the Senate, and 5,000 copies ordered to be printed.

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MESSAGE.

EXECUTIVE DEPARTMENT.
October 6, 1857.

entlemen of the Senate,

and of the House of Representatives:

has again become my duty, as Governor of the State, to nit for your consideration such measures and suggestions ay be deemed expedient and best calculated to promote h interest of the citizen and the general prosperity of the te. In the discharge of this high and solemn duty, permit to congratulate you upon the arrival of a period so uliarly favorable to the performance of such high and res-nsible duties by the representatives of the people. Much ed will depend on what direction your legislation may a: generally, and especially so in regard to the finances, ac- indebtedness and liabilities of the State. Your action n these measures, along with some others, will be vital to h future prosperity of the people of the whole State, and will it your profound and deliberate consideration.

the first place, I would most respectfully call your atten- to the actual indebtedness of the State up to this time, ch is as follows:

THE ACTUAL INDEBTEDNESS OF THE STAT

Internal Improvement Bonds, bearing interest at the rate of 5½ per cent., -		$ 22[illegible]
Internal Improvement Bonds, " " " " " 5 per cent., -		1,824[illegible]
Union Bank Bonds, - - " " " " " 5 per cent., -		25[illegible]
Bank of Tennessee, - - " " " " " 6 per cent., -		1,000[illegible]
State Capital Bonds, - - " " " " " 6 per cent., -		841[illegible]
Purchase of Hermitage, - - - - - - - - - - - -		48[illegible]
		$4,190[illegible]

State liability for Bonds endorsed for and loaned to Rail Roads, Turnpike Companies, and to the State Agricultural Bureau.

	Bonds endorsed	Bonds Loaned.	Total.	
Nashville and Chattanooga Rail Road,	$1,500,000			
" do for Cleveland and Chat. Rail Road,	150,000		$1,650,000	
East Tenn. and Va. Rail Road,	200,000	1,289,000	1,489,000	
East Tenn. and Ga. Rail Road,		870,000		
do for Cleveland and Chat. R. R.,	150,000		1,020,000	
Memphis and Charleston R. R.,		1,100,000	1,100,000	
Memphis and Ohio R R.,		670,000	670,000	
Tenn. and Ala. R. R.,	00,000	300,000	500,000	
McMinnville and Manchester R. R.,		372,000	372,000	
Miss. and Tenn. R. R.,		98,000	98,000	
Miss. Central and Tenn. R. R.,		574,000	574,000	
Mobile and Ohio R. R.,		706,000	706,000	
Memphis and Little Rock R. R.,	350,000		350,000	
Edgefield & Kentucky & Lou. and Nash. Bridge,		60,000		
Railroads, Total, - - - - -	-	-	$8,589,000	
TURNPIKES.				
Carthage and Hartsville Turnpike Co.,		6,000		
Charthage, Alexandria and Red Sulphur Springs Turnpike Co.,		16,000		
Miss. and Dyersburg Plank Road,		25,000		
Mansker's Creek and Springfield Turnpike Co.,		10,000		
			57,000	
Agricultural Bureau,		30,000	30,000	
			$8,676,000	$8,676,[illegible]
Total Liabilities, - - - - -	-	-	-	$12,866 [illegible]

This exhibit shows the actual indebtedness of the St[illegible] to be four million one hundred and ninety thousand e[illegible]ht hundred and fifty six dollars and sixty six cents, ($4,190,856 [illegible]) The stocks owned by the State in Banks, Internal Impro[illegible]ment Companies, &c., amount to three million two hund[illegible] and ninety two thousand seven hundred and sixteen dol[illegible]rs and sixty six cents, ($3,292,716 66,) as will appear by refere[illegible]e to another part of this Message. These stocks, when redu[illegible]d to their market or estimated value, will amount to two mil[illegible]n two hundred and forty four thousand eight hundred and twe[illegible]y seven dollars, ($2,244,827.) If this amount is applied to [illegible]e liquidation of the actual indebtedness of the State, it will red[illegible]e

adebt to one million forty seven thousand seventy nine ol rs and sixty six cents, ($1,047,079 66.) It is the opinion f me correct thinking and judicious persons, as well as ny wn, that it would be sound policy and economy to dis- os of all the stock owned by the State, in Banks and Inter- al mprovement Companies, or otherwise, as soon as it can e one on advantageous terms, and to apply the proceeds of ne ale of the same to the reduction of the actual indebted- es of the State, and for the State as soon as practicable to ec me entirely disconnected with all corporations whatever, ith r as partner or stockholder. The six per cent. which ro d be saved upon the Bonds, will amount to more than all he ividends which will be paid upon the stock so long as it s ned by the State.

The following tabular statement will show the amount of to s owned by the State, in Banks, Internal Improvement Co panies, &c., its original cost and its estimated value at the present time.

STOCK OWNED BY THE STATE.

Stock.	Original Cost.	Estimat'd pres. val.
ak of Tennessee,	$1,000,000	$1,000,000
Iron Bank	650,000	650,000
a. Tenn. & Georgia Railroad,	650,000	300,000
nklin & Columbia Turnpike,	75,950	56,925
anon & Nashville, "	80,000	48,266
ensville, "	47,000	11,750
shville & Charlotte, "	30,000	20,000
anon & Sparta, "	85,000	21,170
umbia Central, "	139,000	21,170
shville & Kentucky, "	50,000	12,500
ksville & Russellville "	37,500	9,000
umbia, Pulaski & Elkton "	126,600	12,233
shville & Murfreesboro "	66,666 66	30,530
atin & Cumberland "	6,000	5,283
atin "	130,000	26,000
mberland & Stone's River "	119,000	20,000
Total - -	$3,292,716 66	$2,244,827

The foregoing Turnpike Companies pay 6 per cent. o
estimated value.

It will be perceived from the tabular statement tha
actual indebtedness and liabilities of the State for Interna
provement Companies and the Agricultural Bureau
make the State liable for the sum of twelve million
hundred and sixty-six thousand eight hundred and fif
dollars and sixty-six cents, [$12,866,866 66] up to this
And if all the Internal Improvement Companies apply fo
aid of the State which have been authorized to do so b
various acts of Assembly which have been passed to en
age works of Internal Improvements, it will swell the State
up to not less than twenty million dollars, [$20,000,000.]

The Bonds of the State which have been already issu
the various Internal Improvement Companies have beer
are now selling in the money markets at ruinous rates of
count; in fact at a lower rate of discount than the Bon
some of our sister States, whose resources and financial a
are not superior, if equal, to those of Tennessee, to meet
public engagements. Tennessee Bonds are issued and th
into market without any definite information as to
amount of Bonds can be, or will be, issued under existing l
or as to whether future Legislatures will extend the am
to be issued. The want of this information on the pa
those who are willing to invest their capital in State secur
as to the amount of Bonds that can and will be thrown
market, deters and prevents many who otherwise would n
investments in Tennessee Bonds. It is believed that i
Legislature will fix upon some definite and known lim
which the State credit is to be extended, and especially
that limit is clearly within the financial ability of the S
it will have an immediate influence upon the price and sa
the Bonds now in market, and those that are to be thrown
on it hereafter for sale; which will greatly relieve those
ternal Improvement Companies which now have their B
hypothecated, and which are entitled to the issuance of B
hereafter. I would therefore recommend that the boundar
our prospective public debt be well defined, and that it be
duced to the lowest limit consistent with the interest and e
of the State. The credit of the State can be sustained by
aid of a little timely and judicious legislation in the mar
already indicated. It would also add to the confidence
credit of the State, if the Constitution was so amended a
inhibit any future Legislature from the creation of any pu
debt beyond a limited amount, without first submitting
proposition to the people for their approval or rejection, un

me great emergency, such as insurrection, rebellion, or ion. A proposition of this character at the present time, end the Constitution of the State, would be an earnest in- on to capitalists that the public mind was healthy and in regard to State indebtedness and its ultimate adop- would secure the people in the future against improvi- log-rolling legislation, and the creation of heavy and ex- e state indebtedness, without at least first obtaining the e's consent.

he total value of taxable property, according to the best data can now be obtained, will approximate three hundred on dollars. $300,000,000

Total number of taxable polls	125,000
State tax on three hundred million dollars, at ten cents on the hundred dollars	$300,000
State tax on one hundred and twenty-five sand polls, at twenty-five cents,	$31,250

will be perceived that from these two sources, alone, the e will derive a large revenue, amounting to three hundred thirty-one thousand two hundred and fifty dollars, ($331,- 00) which, with the other receipts into the Treasury, ought ake a fund sufficiently large to defray the current expenses he State, when judiciously and economically appropriated. or a full and more detailed statement of the indebtedness he State, and the true condition of the Treasury, I most ectfully refer you to the reports by the Comptroller and asurer.

y an act passed on the 27th day of February, 1854, it was ided that after paying the interest on the Bonds of the e, issued for stock in the Union Bank, the balance of the idends and bonus shall be vested by the Governor and nptroller in six per cent. Bonds of the State. It was, also, le the duty of the Governor and Comptroller to cancel the ds purchased with the proceeds of the dividends of State ck and bonds of the Union Bank, until the amount shall al the sum paid out of the Treasury, for the redemption of ion Bank Bonds. Under the provision of this law, there been paid over to the Governor and Comptroller, of the us and dividends of the Union Bank, one hundred and fifty- en thousand one hundred and ninety-five dollars and ninety- cents—($157,195 92.) Of this amount, there has been vest- one hundred and five thousand one hundred and three dollars d fourteen cents, ($105,103 14) in six per cent. Bonds of the te, leaving a credit on the books of the Bank in favor of s fund of ninety two dollars and seventy-eight cents. The nds which have been cancelled are on deposit in the Bank Tennessee.

It is, also, provided by the second section of said ac
the dividends arising from the School Fund Stock in the U
and Planters' Banks, shall be paid over to the order
Governor and Comptroller for six per cent. Bonds of the
It is further made the duty of the Governor and Compt
to deposite the Bonds purchased with the dividends fro
School Fund Stock in the Union and Planters' Banks, i
Bank of Tennessee, and take the receipt of the Presid
the Bank for the same. There has been paid of the divid
arising from the School Fund Stock, in the Union and
ters' Banks, upon the Governor and Comptroller's orde
sum of fifty-nine thousand dollars, ($59,000) which sur
been vested in six per cent. State Bonds and the receipt
President of the Bank of Tennessee taken for the same.

As it will become your duty to appoint a Committee t
amine the accounts of the Comptroller and Treasurer, I w
therefore, suggest that you direct the same Committee t
amine and report as to the amount received and disbu
under the law referred to.

Banks.

In my first two Biennial Messages to the Legislatur
1853–4 and 1855–6, I submitted for their consideration
propriety of putting the Bank of Tennessee and its bran
in a gradual course of liquidation; to which Messages
are referred for the reasons and arguments which ind
these recommendations. These views were followed up
sustained by the President and Directors ot the Bank, in
report made to the Legislature of 1855–6. The President
Directors, after having had the Bank two years under their
trol, closely observing it in all its practical operations conne
with the finances of the Treasury, together with the mone
affairs of the State, with great unanimity of opinion rec
mended that it would be better for the State and the pe
generally to wind up the Bank, or to place it in a gra
course of liquidation; and in their report present the follow
irrefragible facts and arguments in support of their rec
mendations, to which I ask your earnest attention:

"The creation of so many new Banks at the last sessio
the Legislature, in addition to those that existed before, p
duced so much competition between them as will, in all pro
bility, reduce the business and profits of each to a point so l
as not to justify the continuance of all of them; and in the c
flicts likely to arise from such competition, an institution
longing to the State, organized as the Bank of the State is

said agent, is likely to be made the victim of the selfishness and in the ing of others more interested and more skilful in their order gement than inexperienced citizens can be; and as the of the g lature cannot now recall the charters granted to others, Comp Directors have come to the conclusion, with great unanim- nds in nd from a settled conviction, that the best interests of the Banks require it, that the Bank of Tennessee should be put in Pres lation, and its concerns closed at as early a period as the e dis enience of the citizens will allow.

n and That non-resident stockholders should have no control over s or noneyed institutions in this State; they have no interests in h sy non with the people, and no sympathy for them in times ceipt stress; their interests are indeed often antagonistic. Their me vstments in our stocks are made solely with a view to the ittee centum derived from them, and their control of them will . I olely with a view to the profits that can be secured by them. tee t dealing in the circulating medium of the State, whether dit he precious metals or paper currency, which regulates the e of property and the price of the productions of the e, should be prohibited as far as the Legislature has the ority to do so. The citizens have too deep an interest in amount, as well as the quality of the circulating medium which the trade and business of the country is carried on, llow any intermeddling with it by stockjobbers, speculators, kers, or bankers turned brokers.

The Bank of Tennessee was established for the purpose of ating 'a fund for Internal Improvements,' and to aid in establishment of a system of education.

The operations of the Bank in a few years seem to have vinced the General Assembly of the impracticability of ac- plishing the great objects of its creation, under the organi- ion which had been given it; and an act was passed in 9, directing the profits of the Bank to be paid into the easury, and the payment of the interest on the Bonds of the te and the School Fund to be made by the Treasury; by t time near a million of dollars had been taken from the pital by appropriations of the Legislature, and the debts lost the bank. By the act of the 3d March, 1854, the annual fits of the Bank were directed to be applied to supply the ficiency of the capital occasioned by the bad debts. So that e bank cannot be regarded at this time in any other light an a financial project to aid the Treasury of the State. It n scarcely be doubted that an investment of the School nds, composing in part the capital of the bank, in the bonds the State, bearing an interest of six per cent. would have en a more wise and judicious disposition of them, than in the

Stock of any corporation yielding nominally two or three per cent. more; and especially in one which was subject, from its organization, to all the casualties arising from the change of its officers every few years, as the one or the other party prevailed in our elections, and to the carelessness, negligence or frauds of those controlling it. The other portion of its capital belonging to the State, a million of dollars, was obtained by issuing Bonds of the State, bearing six per cent. interest, and upon which the State now pays interest, and will be compelled to pay whether the bank yields a profit or not.

"From the operations of the bank heretofore, there is strong reason to apprehend that losses of a similar character may occur hereafter, and that the profits, by the time the charter expires, may be required to reinstate the capital as now required by the act of 1854. Under such circumstances it would seem to be the true policy of the State to pay the million dollars on the bonds of the State whilst it has the means under the control of the bank, and to invest the school funds in other bonds of the State, bearing interest, and thus avoid the hazards incident to borrowing money to be reloaned under the control of any corporate body. The public is seldom benefitted by such financial schemes.

"If the money has to be paid by the citizens it makes but little difference whether it be done through the Treasury or by the profits on discounts, and loans made to them through such a corporation: the more direct the mode adopted, the better generally for the citizens. It is, in the opinion of the Board of Directors, no unimportant matter to avoid the danger, seriously apprehended by many, of subjecting the citizens to taxation for the payment of the debts created for the establishment of the bank, which would be the case in the event of any serious disaster happening to it, before the expiration of its charter. The fund now belonging to the State, and now in Bank, will go far toward extinguishing the present indebtedness of the State. The present time seems more favorable for the accomplishment of this object than any other for years past, more than may be expected for years to come. The circulation of this bank is now less than it has been for years, and if withdrawn, its place will be at once supplied by the numerous banks now in operation, and its loss will be scarcely felt by the community.

"The past season has been more favorable to the great interests of the State than for many years, and the surplus products will enable the debtors of the bank to meet the demands against them without serious embarrassment, if a reasonable time be allowed for that purpose.

"By closing the concerns of the bank, an end will be made to competition for making money between the State and her citizens, and especially with those corporations in which she has so large an interest; such contests always result in the loss of money, as well as credit to the State: and the exciting contests for the control of its capital which is witnessed almost at every general election, will be avoided."

This report of the President and Directors, of itself, seems most conclusive upon the subject, well nigh superseding the propriety of offering any thing more in addition to what they have said. The necessity and expediency of longer continuing the Bank as a fiscal agent for the Treasury, or, as a convenience for the people in their monetary affairs, would seem, after reading the able report made by the President and Directors of the Bank, an utter absurdity; and it should be dispensed with, and thereby all connection between the State and Banks be dissolved. To carry on the business of Banking is not one of the objects for which the State was created, no more than it has to go into the pursuits of Agriculture or Mechanics. It was not designed by those who framed the Constitution of the State, or of the United States, that the States should become Shaver Bankers, or Brokers, or Money Changers in any sense of the term, or to make any thing a tender in payment of debts except gold and silver. This is the currency intended by the framers of the Constitution of the United States and of the States, for the people. It may be assumed that this great principle has never been violated, so as to come in conflict with the letter of the organic law of the land, but it has been violated in spirit and practice since the creation of the first Bank in the State, and the people have been made the sufferers in the end, by every such violation of this fundamental principle of currency.

Within the last four years, not to go farther back in the history of Banking in Tennessee, ten or twelve of the Banks of the State have suspended specie payment. The failure of these Banks will result in the loss of millions to the people, who had exchanged their produce for the worthless circulation. The time has arrived when the legislation of the country should be brought to bear upon all these spurious schemes and plans of originating what is commonly called money, a mere paper circulation, which passes for currency one day and on the next becomes valueless, in the hands of some innocent holder, who has exchanged the product of his field, or shop, or day's labor, for the worthless trash. To the extent that legislation can be made to bear upon currency it should be in making the circulating medium uniform in quantity and value, and thereby

give all the business transactions of the country unifor
and stability, and should studiously avoid all legislation w
will expand or contract the circulating medium, or dimin
in value. As between the Banks which have been inc
rated in this State, the Bank of Tennessee is believed to
as sound and healthy a condition as any other Bank i
State, if not more so, and upon an exhibit of the bus
transactions of the Bank since it has been under the cont
the present able, efficient and honest Directory and Presi
it will be shown that the Bank has realized greater pr
made fewer bad debts, and have given more general sati
tion to the public than in any other period of four years
its incorporation. It is believed, however, notwithstandin
institution has been well managed in the last four years,
will show increased profits, that it would be safer and b
and more profitable, in the end, to convert the entire ca
of the Bank, and all the real estate owned by it, into si
cent. Bonds, as recommended in my former Messages,
subsequently by the President and Directors of the Bank.
converting the entire capital of the Bank into State Bonds
whole machinery now necessary to carry it on success
might be dispensed with, which would result in a savi
some thirty-five or forty thousand dollars per annum to
State.

It is the opinion of some, and it may be urged before
Legislature, that the capital of the Bank of Tennessee sh
be increased to an amount which would enable it to co
the entire Banking accommodations and circulating med
of the State, and at the same time giving to the President
Directory of the principal Bank, located at Nashville, a
lute control of all the Branches throughout the State, es
lishing a kind of central power at the city of Nashville, w
according to their views of the business and wants of
country, could expand and contract the circulation at pleas
The entire circulation of Banks in the State on the firs
January, 1857, in round numbers, was eight million doll
($8,000,000.) A Bank, with the capacity to furnish eight milli
of circulation, must be under the control of a central regen
which central regency must always, to a greater or less
tent, be governed by the influences which surround it. To
crease the capital of the Bank of Tennessee, and confer th
additional powers upon it, would be doing great injustice to
other commercial divisions of the State, each of which would
more competent to judge of its necessities and convenienc
as to the amount of the circulation required, than any Dir
tory could be at the city of Nashville.

Banks are to be continued for the purpose of making and ng paper circulation, it would be but just and fair to give ch commercial division the control of its own Banking ac- modations, and all the circulation issued by Banks in each ese commercial divisions should be made redeemable at counter of the Bank where issued, and at the principal mercial point in each division. For instance, to suppose Tennessee to constitute one division; let all the circula- medium, issued by the Banks in that division, be made emable at the counter of the Bank where issued, and at tever point may be deemed the most commercial point in division. And so with the Middle and Western d visions he State: requiring each one of those principal commer- points to make arrangements with the other two for the mption of their paper circulation whenever it passed be- d the commercial boundary in which it was issued. An ngement by the Banks, upon a principle of this kind, would rt a powerful and salutary influence in making the Bank er uniform in value and quantity, when thrown into circu- on by each of the commercial divisions, and at the same e leave each to determine the wants and necessities in ard to Banking accommodations in each commercial di- on.

have stated that the circulation of Banks in this State on first of January, 1857, was eight million dollars. I will w add, that the entire amount of specie in all the Banks, at and small, with which this eight millions of Bank paper s to be redeemed, in round numbers, was two million dol- s. The bare statement of this fact must be conclusive to minds, which are familiar with the operations of Banks, at eight millions of Bank paper, resting upon two millions of ecie, cannot be sustained whenever there is a pressure or a rangement of the monetary affairs of the country.

A circulation in paper amounting to four dollars, for one in ecie, cannot afford a sound and uniform currency. A circula- on which can be expanded from two to eight millions of dol- rs, as the interest and cupidity of the Banks may suggest, n never be made uniform in quantity or value, but the whole ountry must be subjected to the increase and diminution of ices, for all the products of the country, just in proportion as eir Bank accommodations are expanded or contracted. This ate of things is bad enough when brought about by all the anks, but to confer such a power upon any one institution, hether it be a State Bank, or otherwise, embracing separate nd distinct commercial divisions to be controlled by a Direc-

tory in the City of Nashville, is a state of things which I hope will never be brought about by the Representatives of the people of Tennessee.

In recommending to your consideration the propriety of winding up the Bank of Tennessee, it will not be inferred or understood by any, that I am in favor of the creation or continuance of Stock or Free Banks. I would be in favor of winding them all up, so soon as it is practicable and consistent with the commercial, agricultural and mechanical wants of the country to do so: believing as I do that the whole Banking system in the United States is *founded in error* and that the Banks having their origin in such a system must necessarily contain the elements of their own destruction and as a general rule will sooner or later result in ruin and fraud, produce great injury in all the business transactions and morals of the community wherever they may be located. But to attain this end, will require time and the exercise of sound discretion. The work has to be commenced, and we had as well set the example by commencing with the Bank of Tennessee, constantly and steadly progressing until there shall not be a Bank incorporation left in the State. This being once accomplished here, hoping that a similar policy will be pursued and carried out by all the surrounding States, the vacuum created by the withdrawal will be supplied by the capitalists in furnishing exchange for the commercial wants of the community, and money in the proper sense of the term sufficient to purchase all the surplus product of the country. This will follow as natural and as certainly as water will find its level or the surrounding atmosphere supply and fill up a vacuum when created.

The strongest objection now urged to the winding up of the Bank of Tennessee is, that it is necessary as a fiscal agent for the State, to receive its revenue and disburse the same, to pay the interest on State Bonds that have been issued, or may hereafter be issued. This objection when examined and reduced to a practical test, ceases to have any force or solidity in whatever. I would most respectfully suggest that all the duties now performed by the Bank of Tennessee as a fiscal agent in receiving and disbursing the revenue of the State and paying the interest upon State Bonds, can be performed by the Comptroller and Treasurer, the financial officers of the State proper, with equal convenience and safety, and at a far less expense than it now costs to carry on the machinery of the Bank of Tennessee.

It is a matter of great importance to the people of Tennessee that our State should be free from debt. If the policy I have

commended, should be adopted, the debt which accrued under the acts of 1835–6, and 1837–8, would be liquidated in a very short time. We should then have no interest to pay in Eastern cities, except on the Bonds loaned to railroad companies, and would therefore need no Bank or other fiscal agent to make payment at any place, other than at the office of the State Treasurer.

Under the act of 1851–2, by which the State credit was loaned to various railroad companies, provision was made that the interest accruing on the Bonds loaned, should be paid into the Bank of Tennessee, fifteen days before it became due in New York. Surely any President of a railroad company having the money to pay the interest on the Bonds issued to his road, can in less than fifteen days, by buying exchange from a Bank or Broker, or by shipping coin, transfer the amount to New York, or any other point in the Union. This is often done now, as many of the roads have issued bonds which are endorsed by the State, and the interest has been promptly met, without any agency on the part of the Bank of Tennessee.—Our Merchants and Manufacturers must necessarily have frequent payments to make in the Northern and Southern States. These payments are made by purchasing exchange from Banks or Brokers, and so long as capital is employed in any pursuit which requires the transmission of money from one point to another to pay for articles purchased, there surely will be, even in the absence of all Banks, exchange brokers or factors, ready to supply any demand for exchange.

In no event can there be any necessity for a fiscal agent, other than the Treasurer or State Comptroller. Both of these officers should be well qualified for the important positions they occupy, and as competent to manage the finances of the State as a Bank President or Cashier. The Constitution of the State provides for the election of a Treasurer and entrusts to him the receiving and disbursing the entire funds of the State.

It may be said that a Bank is better able than the Treasurer to tell the condition of other Banks, and would not receive the notes of such Banks as would likely become insolvent. Such an argument would only prove that some former Legislature had chartered corporations for Banking purposes, without requiring sufficient indemnity to protect the note holder. In granting Banking privileges to a company, the people have a right to expect of their representatives, that they should be fully protected from fraud in the circulation of any Bank notes. If the Legislature would grant no Banking privileges except when the note holder was secure beyond any possible contingency, it would be simply discharging a duty which the electors have a right to demand of their representatives.

Within a period of about four years, as before remarked, a of the Banks, chartered by our Legislature, have entirely fa and the money put in circulation by some of them will prove almost worthless to the note holder. I am of the opinio th this evil might have been prevented at the time the ch te were obtained, and I am clearly of the opinion that you a the power to guard against any further fraud which ma po sibly be practiced by any of the Banks chartered by a pre ot Legislature. It will certainly not be contended that an fo mer Legislature can take out of your hands the power to rect any evil, or prevent a fraud from being practiced o th people you represent.

Our State, very properly, requires security of all its of er having charge of any of the State money or property. d viduals require security of each other in their daily m e transactions, and there is no reason why a corporation, ar tered by our Legislature, with the privilege of issuing n es checks and bills of credit, should not be required to give m- ple security to the note holder. The integrity and bus ss capacity of Bank officers is often the principal capital of B ks. Past experience has taught us that this is not a sufficient gu anty to the note holder, that he will be paid when he pre nts to a Bank its own issue. It becomes, therefore, a matt of first importance for the safety of the funds of the State he security of the people and for the prosperity of all branch of industry, that in granting charters of incorporation, when e- cial privileges are guarantied to the few, a credit sh ld not be given such corporation until it is deprived of th power to do injury. I cannot see the necessity of our St e creating a Bank, or continuing one already in existence, th "power to emit bills of credit," on the ground that we req e a fiscal agent to receive, disburse and keep more safely e funds of the State.

The losses sustained by the State on account of depredat ns of officers, in the Bank of Tennessee, are large, compared w h any loss sustained on account of our State Treasurer.

In my last Biennial Message, I recommended the passag of a law surpressing the issuance and circulation of Bank no or bills of a less denomination than five dollars. An ct passed by the last Legislature, "To regulate Banking," e third section of which, it seems, was intended to accomplish t e purpose, has wholly failed to do so. It merely prohibits e issuance of small notes, by the Banks, but does not suppr s the circulation of those already issued, and it is believed t t the amount in circulation on the passage of the law, has n t been materially diminished. The law has, no doubt, in ma

tares been evaded and violated in getting notes back into c lation, which had been returned to the Banks by their hold- is hoped that the Legislature will so amend the present v s to prevent the issuance of smaller notes than five a by all of the Banks, and, after giving a reasonable no- e, t suppress the circulation, among the people, of all those :h have heretofore been issued, and especially those which ve een issued by other States, and find their way here for ulation.

Th vacuum created by the withdrawal of those change bills, ch have been thrown into circulation by the numerous nk throughout the State, will, at once, be supplied with gold d ilver, the currency intended for the great mass of the p. Banks which cannot furnish the community with a l id silver currency, from five dollars down, are not enti- l t public confidence, and ought to be wound up, and the n it is done, the better for the public good. In fine, let the v e so amended as to suppress the circulation of all Bank pe of a less denomination than five dollars. The propriety th passage of a law like this, is so clear and obvious to all, at is not necessary again to repeat the arguments in its o

Weights and Measures.

By a joint resolution adopted March 3d, 1854, the Governor t State was authorized to appoint a suitable person as p intendent of weights and measures. In obedience to this o tion, Mr. John Heriges has been appointed Superintend- t take charge of the weights and measures, as furnished t Federal government, under a resolution passed June th 1836. Since his appointment as Superintendent, the ights and measures have been received and are now under c ntrol, and by him have been deposited in one of the rooms th Capitol set apart by the Commissioners for that purpose. The weights and measures are all in good order and are now bject to inspection by both branches of the Legislature. The section authorizing the appointment of Superintendent of eights and measures made no provision for any compen- tion to him, for the time and labor necessary for their pres- vation, which are now in his possession. It cannot be ex- ected that the superintendent can lose his time and labor without some reasonable consideration therefor.

The resolution also authorized the Governor to have made ader the direction of the Superintendent a set of standard e hts and measures for each county in the State. Not with-

out some difficulty and trouble, the manufacture of a t
weights and measures for each county in the State, has e
commenced, and five sets have been completed, which in
manship will most favorably compare with those furnish
the Federal Government. The five sets completed a
posited in the same room with those furnished by the Fe
Government, and both branches of the Legislature are re
fully invited to examine and compare them with those furn
by the government and determine for themselves as to th
curacy and workmanship with which they have been prep
Before the superintendent commenced the manufacture o
weights and measures, he visited Washington City wher
originals were made, and several of the States which had
pared weights and measures, by the standard furnished
by the Federal Government, for the purpose of getting the
pattern and ascertaining the most economical terms
which they could be made. It was then believed from
most reliable data that could be had, that it would cost
hundred dollars per set to manufacture them. After ta
every step for the purpose of obtaining accurate informati
regard to the cheapest and best mode of supplying al
counties in the State, as contemplated by the resolutio
ferred to, it was believed that the weights and measures cou
manufactured in Nashville of equal quality as to workm
ship and material, and upon as economical terms as t
which have been manufactured in any of the other St
Entertaining this opinion, steps have been taken and the
periment has been fairly made in the five sets already m
factured, which has proven that the average cost will no
more than one hundred and fifty-nine dollars per set, whe
all former estimates made them to cost not less than two hun
dollars per set. The work has been commenced and the
periment has been made, and in the course of the next tw
months it is believed that every county in the State ca
furnished with a complete set of standard weights and m
sures, which will favorably compare with any in the Union
a cost of not more than one hundred and fifty-nine dollars
set. Sound policy and the urgent demand of almost ev
county and the best interests of the State require the comp
tion of this work at the earliest day practicable, ther
bringing about uniformity in the weights and measures throu
out the State. It is regretted that it has not been in the po
of the Governor to have provided every county in the St
with a set of standard weights and measures as authorized,
fore this time. I will add that there should be a law pass

the laws now in force should be so amended as to fix definely and intelligibly what is the standard of weights and measures, and to annex such penalties as will most certainly insure a compliance with its provisions.

Tax on Merchants.

In my message to the last Legislature, the attention of that body was called to the subject of merchants' taxes, and as no action was then taken upon it, I again submit that portion of my message to your consideration:

"There is some complaint with the mercantile interest, in consequence of the unequal and discriminating operation of our revenue laws regulating merchants' license. The complaint is not without some foundation and good cause on their part. The law, as it now stands, requires all wholesale and retail dealers in merchandise in this State to first pay into the treasury of the State one half of one per cent. on the invoice cost of all goods vended by them. The main cause of complaint, as I understand it, is, that, in the first place, the wholesale merchant, by the revenue law, is required to first pay into the treasury the half of one per cent, or fifty cents on the hundred dollars. After the tax is paid by him into the treasury the retail merchant then purchases the same goods of him and takes them to another establishment, in or out of the county where purchased, as the case may be, and vends them again; for which he is required to pay one half of one per cent., or fifty cents on the hundred dollars, into the treasury; which is one per cent. paid to the State for the goods thus sold. By this process it will be perceived that the State lays a double tax on the goods purchased from the wholesale dealer within the limits of the State. The business retail dealer has no difficulty in understanding the operation, and finds it to his interest to go beyond the limits of the State to make his purchases, and thereby save the one-half of one per cent. in the purchase of his goods, or fifty cents on every hundred dollars. It must be obvious to all business men, that if the wholesale dealer is required first to pay the tax into the treasury, that when the retail merchant buys of him he must pay it back, and that when he makes sale of the goods, he must pay a like amount into the treasury; which is practically compelling the country merchant to pay a double tax to the State on the same goods; which, as a matter of course, makes it his interest to go beyond the limits of the State to make his purchases, and become the customer of the foreign wholesale dealer, instead of the wholesale dealer at home; and to that extent operates against our own commercial cities and commercial men.

"It is most manifest to my mind that the practical effe
the revenue law, as it now stands, regulating merchant l
cense, is to discriminate against the merchant at home an
favor of the one abroad. The subject is, therefore, subm
to your consideration, with the hope that the law will b
modified as to place the mercantile interest of the State o
equal footing and in a field of fair competition with a lik
terest of the other States of the Union."

Public Roads.

In again calling the attention of the Legislature to this b
ject, I can do nothing more than substantially repeat wh
have heretofore stated to preceding Legislatures. Our w
system of public roads is exceedingly defective, more so
haps than in any of our sister States, which detracts mate
from the facilities of travel and the transfer of the surplus
ducts to the main channels of commerce, both as to the ri
and railroads which penetrate the country, bearing off
great staples of the State to distant markets. The condi
in which our public roads are now kept depreciates mater
the value of all property, real and personal, which is not
ated immediately upon our navigable streams or line of R
roads. Besides, the expense and burden of keeping up our p
lic roads fall mainly upon that portion of our fellow-citi
who are least able to bear it, and who have the least use
public roads after they have been put in repair. Many of
fellow-citizens are compelled to perform manual labor on
public roads, a number of days in the course of a year, w
have not the time to spare from their other pursuits with
pay. Their own condition and the necessities of their fami
are such, as to require the proceeds of their entire labor
their support, while on the other hand there are many who
exempt by law from working on the public roads, who
either able physically to work or pecuniarily to pay for hav
it done, and in fact who derive the greatest benefit from g
roads when they are made, by the enhanced value good ro
always impart to property. There are many of our fell
citizens who deal in thousands, and own in value large amou
of property, who never pay one farthing to keep our pub
roads in repair or to open new ones, while there are others w
own no property and whose pecuniary dealings are confi
to their absolute necessities and who have not even a vehi
of any kind, nor one single pound of surplus product to tra
port on them, but who under our present laws are required
toil many days in the year in repairing roads which are

tle or no use to them. In view of changing or modifying our present system of public roads, I must respectfully invite your attention to the systems adopted in the States of Ohio and Pennsylvania, where property and other taxes are levied for the purpose of keeping them up, and thereby establishing and carrying out the principle that all persons who derive the greatest benefit from their being kept in repair and in proper condition for the travelling public, shall pay correspondingly out of their means for the benefits thus conferred. All persons should contribute to the support of the government under which they live, in proportion to the protection which they may receive from it. It is the physical power in a government, under the direction of law, which gives security, protection and value to all the property owned by the citizen. The owners of property constitute but a very small portion who make up what is commonly denominated the physical power of the government; the non-property holder constitutes not less than three and perhaps four-fifths of those who make the aggregate of physical power. This is the population that is called upon in time of danger and need to suppress insurrection at home and to repel invasion from abroad. It will be perceived, though they are not property holders, they constitute one of the most important elements in the government; hence the conclusion, against oppressing that portion of the community which gives protection and security to all who own property, real and personal. Our present road system, it must be conceded by all who are reasonable and just, operates unequal and oppressive upon the great mass of the people, and it ought to undergo a radical and thorough change. I therefore most respectfully recommend to your favorable consideration the propriety and justice of so changing or modifying our common road system as to conform it to the requirements of the public judgment and wants of the country, and that it be done during the present session of the Legislature.

Law Reform.

On two former occasions I called the attention of the Legislature to this all important subject, so deeply interesting to the people throughout the State, and earnestly pressed the adoption of a system which has been so unmistakably indicated by the public judgment in the popular elections which have recently taken place, and will again refer the General Assembly to my views as then expressed upon this subject, with the earnest hope that the Legislature will conform their action to the popular will, in carrying it out at the earliest day practicable. I am

advised that Messrs. Cooper and Meigs, who have bee
pointed by the Legislature to prepare a Digest of the La
this State, have with great care and much labor performe
service and will at an early day submit their Digest to yo
spection and consideration.

If our system of jurisprudence is so modified as to co
to the requirements of the public interest, during your pr
sitting, I am advised that the Digest which has been prep
can be suited or adapted to the change which may be ma
our system of jurisprudence, with but little labor and very
alterations.

These are subjects that will merit your care and atte
which I have no doubt they will receive at an early day of
session.

Agricultural Bureau.

Under the act of 1854 establishing a State Agricultura
reau, Charters have been granted to Agricultural Societi
thirty-six Counties, viz: Six in East Tennessee, fifteen in M
Tennessee, and fifteen in West Tennessee. Of these, a
twenty-five have complied with the law in regard to an
reports, thus entitling themselves to the bounty provided b
act, from the State Treasury, of two hundred dollars each. I
were held last year in twenty-one Counties, in addition t
State and Divisions fairs. Reports of these fairs, with sp
fic statements of the manner in which the bounty of the S
has been applied, will be laid before you in the Biennial re
of the Secretary of the Bureau.

The opening of works of Internal Improvements in diffe
sections of the State, affording means for the more rapid
cheap transportation of the products of the field to market
consequently enhancing the price which the producer real
for his investment of labor and capital, has awakened a
interest in improved modes of cultivation and in those lab
saving machines by which harvests of large fields are spee
gathered and prepared for market, as well as in improved
more valuable breeds of domestic animals. A large portio
the soil of Tennessee is of exhaustless fertility when carefu
and skillfully cultivated. Associations like those contempla
in the act establishing the State Agricultural Bureau, wh
wisely managed, are of vast importance to the State, by stir
lating competition and constantly provoking comparisons
methods among enterprising farmers. I am satisfied that
bounty of the State in this direction has been wisely bestow
Many of the wisest practical agriculturists are heartily engag

scheme inaugurated by the Legislature of 1854, and I fiently look to constantly increasing benefits to the people t State as the reward of their labors and as a return for e opropriations made from the Treasury to encourage them. h development of the mechanical and manufacturing resour- the State, is an object altogether worthy of your consid- n, and which should engage the attention of every citizen, drouse the energies of every capitalist, and such assistance g to be given to aid in further developments as may be consistent with judicious legislation. We are possessed tural elements, if properly developed and successfully di- d, which would give us a commanding position among our States, by supplying them with articles of manufacture mplements of husbandry. Instead, however, of furnishing lies, the product of our natural resources, to the surround- States, we are to-day dependent on them for the ordina- ticles of mechanism, required by the farmer, the merchant, mechanic and housekeeper.

he "Mechanics Institute" of Tennessee, has done much, it is ved, by its annual Fairs, to stimulate the mechanical and ufacturing interest of the State and to develop much talent liar to the successful prosecution of these branches of indus- The leading principle upon which this institution is estab- ed, is paramount, in directing the mechanical genius of the ng men of the country, in that branch of mechanism to ch it is best adapted. In brief, it is designed to stimulate bring out the latent mechanical talent and excite a laud- e ambition among mechanics, manufacturers, artizans and entors, to excel, to foster and to encourage the arts in every y, and ultimately to establish a school of design for the nefit of the youth of the State, whose opportunities are limited the want of pecuniary means, or otherwise. The institutition not established upon such a basis as desired by the Directors; ough they have been struggling against many difficulties, it believed they will ultimately succeed in its permanent estab- hment. They desire to erect a Hall suitable for the institu- n, and have already leased a lot of ground convenient and vorably located for the erection of suitable buildings.

The Legislature with great liberality has aided other impor- nt interest in the State, such as Railroads and Agriculture. Will it not therefore extend similar aid to manufacturers and me- anics, and in so doing, place these great interests on an equal oting with the other industrial pursuits of the country, and ereby exhonerate the Legislature from the charge of invidi- us and partial Legislation? *If you legislate for one, legislate r the whole.*

Hermitage.

It was made the duty of the Governor, by an act en
"An Act to purchase the Hermitage," passed by the last
islature, to purchase for the State of Tennessee, five hu
acres of the late residence of Andrew Jackson, decease
cluding the Mansion, Tomb and other improvements, kno
the Hermitage, and said act authorized him to issue six per
Coupon Bonds to the amount of forty-eight thousand do
($48,000) in payment of the same.

In compliance with this law, the purchase has been
the five hundred acres, including the Mansion, Tomb and
improvements known as the Hermitage, has been run out
platted by a competent and skillful surveyor, and a title
cumbered has been made to the State, which title has been
istered in the Register's office, of Davidson County, and is
on file in the office of the Secretary of State. It was also
by said act, the duty of the Governor to tender the said pro
ty to the general government of the United States, upon
express condition that it be used as a site for a branch of
Military Academy at West Point. This tender has been
by the Governor in person to the Federal Government, thro
the President of the United States; the President transmi
the tender as made to both branches of Congress. The sub
was there taken up and referred to the appropriate committ
In the Senate it was referred to the committee on military
fairs, which committee after consideration made a favora
report, accompanied with a Bill, accepting of the five hund
acres, upon the terms and conditions authorizing the tende
be made. The proposition at the time, so far as it could be
certained, seemed to be favorably entertained by both Hou
of Congress. But it being the short session, and much import
business remaining to be disposed of, Congress adjourned
the fourth of March, without having any definite action up
the proposition, and it is still pending before the Federal G
ernment for its final determination.

In the event the Federal Government should refuse to acc
of the property tendered by the State, would it not be better
set it apart as a permanent residence for all future Governo
of the State? In so doing, the property would be preserv
from misuse and dilapidation, and the State hereafter sav
from a heavy expenditure in the erection of an Executi
Mansion. Would thus, furthermore, preserve, as the property
the people, the sacred spot of earth, which contains the mor
remains of her most gifted and distinguished son, whose

was a patriot, as one who loved the people and the Union, a statesman and a soldier, is co-extensive with the civilized world. His deeds, civil and military, are the property of the nation, his Tomb belongs to the people of his adopted State, to venerate his name, and still love and cherish his memory, and who will witness the transfer of its ownership to other hands with deep regret and much dissatisfaction.

State Capitol.

It has now been more than twelve years since the corner-stone of the State Capitol was laid, and the work is still dragging on, and the Capitol in an unfinished condition. Progressing at this slow rate, it has already cost the State, including appropriations directly from the Treasury, labor performed by the penitentiary convicts and issuance of State Bonds, &c., one million two hundred and four thousand and seventy-two dollars and twelve cents. ($1,204,072 12) To raise this amount, in part, there has been issued eight hundred and forty-one thousand dollars, ($841,000) of six per cent. State Bonds, the principal and interest to be paid out of the State Treasury. These Bonds constitute a part of the State debt, and must, ultimately, be paid out of the people's taxes.

It would seem that the time had arrived, when the Capitol should be completed, and this source of expenditure have an end. It is believed if the work had, from the beginning, been pressed with energy and economy, that it would have been completed long before this time, and at a much less cost to the people. It is hoped that the Legislature will adopt some means by which its completion will be brought about at an early day, and that this continued issuance of State Bonds, year after year, and the payment of interest thereon, be brought to a speedy and final close. I would suggest the propriety of adding to the present board of Building Commissioners, the Secretary of State, Treasurer and Comptroller. These officers are, in most instances, from different portions of the State, and would feel themselves responsible to the people of the State for the manner in which they discharge their duty; and, furthermore, their offices are all in the Capitol, convenient to the work now being performed, and also for consultation in reference to the best mode of having it done, and as to the most vigorous means in its prosecution.

I have now laid before you such subjects for your consideration, as the public interest seems to require, and will, therefore, conclude this communication with the sincere and confi-

dent hope that your labors will be distinguished for the h
mony, prudence and wisdom, and that retrenchment, r'o
and rigid economy may, by your legislation, be carrie i
every department of the Government, in such manner a w
advance the best interests and welfare of the State.

ANDREW JOHNSO(.